

1 Message from the Auditor General

Introduction

- 1.1 I am pleased to present my November 2011 Report to the House of Assembly on work completed by my Office in the summer and fall of 2011.
- 1.2 During 2011, I submitted the following reports.
 - My Report on the Estimates of Revenue for the fiscal year ended March 31, 2012, dated April 4, 2011, was included with the budget address delivered by the Minister of Finance on April 5, 2011.
 - My Report to the House of Assembly on work completed by my Office in the fall of 2010 and winter of 2011, dated April 29, 2011, was tabled on May 18, 2011.
 - My Business Plan for 2011-12, and my Report on Performance for 2010-11 were provided to the Public Accounts Committee on May 9, 2011 and July 12, 2011 respectively.
 - My Report on the Province's March 31, 2011 consolidated financial statements, dated July 21, 2011, was tabled with the Public Accounts by the Minister of Finance on July 28, 2011.
- 1.3 As the Province's Auditor General, my goal is to work towards better government for the people of Nova Scotia. As an independent, nonpartisan officer of the House, I and my Office help to hold the government to account for its management of public funds and contribute to a well-performing public sector. I consider the needs of the House and the public, as well as the realities facing management, in providing sound, practical recommendations to improve the management of public sector programs.
- 1.4 My priorities are: to conduct and report audits that provide information to the House of Assembly to assist it in holding government accountable; to focus audit efforts on areas of higher risk that impact on the lives of Nova Scotians; to contribute to a better performing public service for Nova Scotia; and to encourage continual improvement to financial reporting by government, all while promoting excellence and a professional and supportive workplace at the Office of the Auditor General. This Report reflects this service approach.

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- 1.5 I wish to acknowledge the valuable efforts of my staff who deserve the credit for the work reported here. As well, I wish to acknowledge the cooperation and courtesies we received from staff in departments and agencies during the course of our work.

Who We Are and What We Do

MESSAGE FROM THE AUDITOR GENERAL

- 1.6 The Auditor General is an officer of the Legislature, appointed by the House of Assembly for a ten-year term. He or she is responsible to the House for providing independent and objective assessments of the operations of government, the use of public funds and the integrity of financial and performance reports.
- 1.7 In December 2010, a new Auditor General Act came into effect. This Act provides my Office with a modern performance audit mandate to examine various aspects of programs including efficiency and effectiveness; performance monitoring and reporting; and appropriate use of public funds. It also clarifies which entities are subject to audit by this Office.
- 1.8 The Act establishes the Auditor General's mandate, responsibilities and powers. The Act provides the Auditor General with the authority to require the provision of any documents needed in the performance of his or her duties. Additionally, public servants must provide free access to all information which the Auditor General requires.
- 1.9 The Auditor General Act stipulates that the Auditor General shall provide an opinion on government's annual consolidated financial statements; provide an opinion on the revenue estimates in the government's annual budget address; and report to the House at least annually on the results of performance audits.
- 1.10 The Act provides my Office a mandate to audit all parts of the provincial public sector including government departments and all agencies, boards, commissions or other bodies responsible to the crown, such as regional school boards and district health authorities, as well as funding recipients external to the provincial public sector.
- 1.11 In its work, the Office of the Auditor General is guided by, and complies with, the professional standards established by the Canadian Institute of Chartered Accountants, otherwise known as generally accepted auditing standards. We also seek guidance from other professional bodies and audit-related best practices in other jurisdictions.

Chapter Highlights

- 1.12 This Report presents the results of audits and reviews completed in the summer and fall of 2011 at a number of departments and agencies. Where appropriate, we make recommendations for improvements to government operations, processes and controls. Department or agency responses have been included in the appropriate Chapter. We will follow up on the implementation of our recommendations in two years, with the expectation that significant progress will be made.

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Performance Audits

Chapter 2 – Disaster Preparedness – Major Government Information Systems

- 1.13 The continued operation of critical provincial government information systems could be in jeopardy if a disaster were to occur. This could expose Nova Scotians to risks such as interruption of important government services, loss of critical data, and impaired public safety.
- 1.14 Since the Chief Information Office (CIO) became responsible for disaster preparedness at the provincial data centre in June 2010, it has begun working towards a comprehensive disaster recovery plan. At this time, the CIO is not yet fully prepared to restore systems quickly if a disaster impacts the provincial data centre.
- 1.15 We found the Department of Finance's Corporate Information Systems division (CIS), another information technology group, has a comprehensive plan that will allow for the restoration of government's financial systems should the provincial data centre become unavailable.

Chapter 3 – Meat Inspection Program

- 1.16 Animal inspections are completed as required. However, the Department of Agriculture is not doing an adequate job of managing audits of facilities such as slaughterhouses and meat processing plants. As a result, the audit process is not sufficiently effective in mitigating all public safety risks associated with the slaughtering and processing of meat. We found facility audits are not completed at the monthly frequency required by management and we are concerned that inspectors are not taking appropriate action to ensure deficiencies are corrected in a timely manner.
- 1.17 Additionally, management do not have sufficient information to adequately monitor and oversee program operations. For example, management do

not know whether required facility audits are being conducted and whether identified deficiencies have been addressed in a timely manner.

Chapter 4 – Protection of Persons in Care

- 1.18 Overall, we found the Departments of Health and Wellness and Community Services have adequate processes to investigate and ensure timely resolution of allegations of abuse reported under the Protection of Persons in Care Act. Investigations were well-documented and carried out in a timely manner.
- 1.19 However we found that neither Department has an appeal process if those involved are not satisfied with the outcome of the investigation. An effective appeal process is an important aspect of a complaints-based program such as protection of persons in care. It provides for a second assessment of a file for those who are not satisfied with the outcome of an investigation. We have recommended an appeal process be implemented.

Chapter 5 – Canada-Nova Scotia Offshore Petroleum Board

- 1.20 In 2011 this Office, in cooperation with the Environment Commissioner of the Office of the Auditor General of Canada, began an audit of the operations of the Canada-Nova Scotia Offshore Petroleum Board.
- 1.21 In September 2011, we abandoned our attempt to conduct the audit after the Board, acting on the instructions of operators ExxonMobil Canada Ltd. and EnCana Corporation, denied us access to most of the information needed to conduct the audit. The denial was based on our refusal to grant the operators control over disclosure of information in our Report to the House. The Board's refusal to cooperate with the audit places it in direct contravention of the Nova Scotia Auditor General Act.
- 1.22 As a result of our inability to audit this agency, we are unable to provide assurance to the House of Assembly, or to the public, as to whether the Board is properly fulfilling its regulatory responsibilities; is ensuring offshore activities are being conducted safely and with due regard for the environment; and is ensuring the public interest is being protected.

Chapter 6 – Implementation of Nunn Commission of Inquiry Recommendations

- 1.23 Overall, the province has taken appropriate action to address the recommendations from the Nunn Commission of Inquiry. We found the province has completed 31 of the 34 Nunn Commission recommendations. We believe the remaining three recommendations have not been fully addressed by the province. We have made recommendations to focus efforts toward their completion.